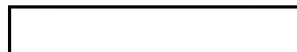


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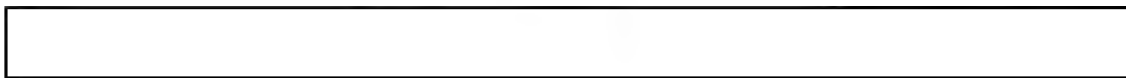
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NO
USSR-Geneva talks: First Deputy Foreign Minister Kuznetsov will head the Soviet delegation to the nuclear-test talks which resume on 5 January. Kuznetsov, second only to Gromyko in the Soviet Foreign Ministry, is of considerably greater stature than former chief delegate Tsarapkin, who remains a member of the delegation. The Soviet leaders probably feel that the negotiations will soon reach the show-down stage, in which a diplomat of Kuznetsov's experience would be needed to defend the USSR's position. The present Soviet line, as Gromyko warned on 25 December, is that no agreement will be possible unless the United States and Britain abandon their "invalid conditions." [REDACTED]

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X/O
Sino-Soviet trade talks: The Soviet minister of foreign trade has "tacitly admitted" to Ambassador Thompson in Moscow that the Soviet Union is having trouble with Chinese trade negotiations. These negotiations occur annually and, since a large part of the foreign trade of each country is involved, have frequently become hard bargaining sessions stretching over several months. The nature of the current talks, which apparently began in early November, has not been revealed but they may include more than an agreement for the year 1959. The Chinese indicated last year that a long-term trade agreement would be concluded with the Soviet Union. [REDACTED]

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DAILY BRIEF

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Czechoslovakia: Wage reforms and tightened political controls are producing more discontent than the Czech regime has faced in recent years. Several minor incidents between workers and security police have been reported. The regime, however, appears confident of its ability to maintain control. [REDACTED]

II. ASIA-AFRICA

25X1

No
UAR: Nasir's roundup of Communists in Egypt is reported to have been planned several weeks ago, when Nasir was aroused by a periodic report on Communist activity in the Egyptian region. Previous large-scale police raids against the faction-ridden Egyptian Communists have not effectively curtailed continued Communist propaganda by sympathizers in the press and radio fields. A similar roundup is under way in Syria. Meanwhile, the first overt Soviet reaction to Nasir's anti-Communist moves has appeared in the 1 January issue of Izvestia. Izvestia severely criticized a Cairo newspaper, which had attacked Communist activity, for its "fantastic fabrications about progressive democratic forces" in Baghdad. [REDACTED]

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No
Iraq: Baghdad has announced the appointment of Abd al-Wahab Mahmud, president of the leftist-oriented Iraqi Lawyers' Association, as ambassador to the USSR. Mahmud was arrested for alleged "Communist activities" in 1952, but released by the old regime within two months. His appointment would appear to be an attempt by the Qasim government to send to Moscow a man particularly acceptable to the Soviet Union. [REDACTED]

25X1

No
Iran-USSR: Iranian officials say Soviet approaches aimed at blocking the pending security agreement with the United States appear to be couched in conciliatory terms, but contain "menacing undertones." They have "urgently" requested that everything possible be done to expedite the bilateral US security agreements with

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DAILY BRIEF

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Turkey, Iran, and Pakistan. According to Prime Minister Eqbal, Soviet Ambassador Pegov now has proposed "that five larger powers" guarantee Iranian neutrality. [redacted]

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25X1

NO
Afghanistan-USSR: Prime Minister Daud informed the Turkish ambassador in Kabul on 31 December that Foreign Minister Naim would sign no agreements while on his current visit to Moscow, and added that the purpose of the visit was to discuss Afghan-Pakistani relations. While Daud may be attempting to counter reports that a new military aid agreement will be signed, his remarks suggest that the purpose of the trip is to seek Soviet support on Pushtoonistan. [redacted]

25X1

NO
Cyprus: The actual negotiators in the Greek-Turkish talks appear close to agreement on all basic issues except the question of separate electorates. Despite the improved atmosphere in which the negotiations are being held, pressures are mounting in Turkey which will make compromise more difficult. Moreover, the Greek foreign minister apparently fears that indecisiveness in his own government and unacceptable British demands will forestall an early agreement. He seems unaware of Britain's desire to interpose no conditions other than the retention of its bases. [redacted]

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OK
Laos: The Laotian Government suspects that North Vietnamese violations of the Laotian frontier and trumped-up charges of Laotian military encroachments are designed to forestall an attempt by anti-Communist elements to take over the Laotian Government, or repression of the Communist Neo Lao Hak Zat party. The North Vietnamese may also be making a case for the reactivation of the International Control Commission in Laos. Laotian officials, although apprehensive over North Vietnam's military strength, are planning to reply firmly to Hanoi's charges and to inform the United Nations.

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III. THE WEST

OK
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France-Algeria: De Gaulle apparently is determined not to negotiate with the Algerian rebels and intends to postpone new efforts for a political solution in Algeria for "one to three years" until after the effects of his economic development program can be felt. Meanwhile, however, De Gaulle will have to fend off the pressures of continuing rebel military action, strained relations with Morocco and Tunisia, and pro-integration forces in France and Algeria, including the army.

OK
25X1
Paraguay: Another revolutionary attack from Argentina by left-wing opposition elements, aided by some junior army officers inside Paraguay, may be imminent. While President Stroessner has in the past been strong enough to quell such sorties, several weak spots have appeared in his military support,

OK
*Cuba: The Castro rebel movement, which proclaimed a provisional government in Cuba on 2 January, has little government or administrative experience. Many experienced men are available for government posts, however, but there is no indication as yet whether or not Fidel Castro will use them. Conditions are still too unsettled to determine what influence irresponsible elements in the rebel movement--including Castro's brother Raul--will wield in the government. The armed forces are controlled by Colonel Ramon Barquin, a capable and widely respected army officer--for almost two years a prisoner of Batista--who has pledged support for Castro. The Communists can be expected to make a strong bid for control of organized labor. (Page 10)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Czech Labor Tension High

Isolated instances of violence by Czech miners and factory workers have occurred in Prague and Ostrava, according to reports received by the US Embassy in Prague. Brawls between militia and workers armed with pistols and knives have resulted in the death of one militiaman and the serious injury of two others. The embassy believes discontent with the regime now is more widespread than at any time in recent years.

Despite strenuous regime efforts to convince the workers to the contrary, they believe that the wage revision announced on 20 November will force them to work harder for the same, or in some cases lower, wages. This belief has further lowered morale by adding to what one Czech engineer described as "general fatigue" caused by overcrowded housing, uncertainties over future production norms, worry about continued political screenings which have already resulted in mass dismissals and transfers, and the general tightening of political controls over the population.

The embassy reports, however, that there has been no noticeable increase in the activity of internal security and militia forces, and there is no organized resistance among the workers; nor is there any evidence that other segments of the population--such as intellectuals, journalists, or students--are either prepared or willing to exploit widespread popular resentment.

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II. ASIA-AFRICA

Nasir and the Communists

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Nasir's roundup of Communists on 31 December was apparently the result of a decision made in late November

The action followed extensive UAR press and radio criticism of Arab Communists and Nasir's own strong statements in his 23 December speech. Press reports indicate that more than 100 party members have been picked up in Egypt. Eleven Aleppo party leaders are said to have been sent to Damascus for imprisonment, and there is an unconfirmed report of similar arrests in Damascus on 21 December.

Additional information on the caliber of individuals arrested is not yet available. Similar moves in the past were usually directed against low-level Communists and had little or no effect on press and radio outlets sympathetic to the Communists. This time, however, three prominent Communist or pro-Communist publishing houses are also reported closed.

Izvestia on 1 January carried Moscow's first public reaction to Nasir's recent anti-Communist statements and to attacks on Communism by the UAR press. Izvestia attacked the Cairo newspaper Akhbar Al-Yawm, owned by Mustafa Amin, a Nasir Confidant, for alleging that Communists in Iraq oppose friendly Iraqi-UAR relations, and accused the paper of attempting to split the Arab anti-imperialist front. While Moscow is anxious to avoid a direct clash with Cairo, it probably sees a need for some public warning to Nasir. Soviet propaganda media so far have ignored Nasir's personal role in the recent anti-Communist campaign, but on 31 December the Italian Communist party newspaper Unita in a front-page editorial made a guarded attack on Nasir's statements.

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Iran Voices Concern Over Soviet Pressure

[The Iranian Government, goaded by increasing Soviet pressures against the conclusion of an Iranian-American defense agreement, is requesting that the final drafting session be held soon in Ankara and that the agreement be signed prior to the opening of the Baghdad Pact Ministerial Council meeting in Karachi on 26 January. Tehran is pressing for early signature of the agreement to demonstrate that it is not intimidated by Soviet protests and pressures.]

[In a two-and-one-half-hour interview with the Iranian prime minister on 31 December, Soviet Ambassador Pegov argued strenuously against the conclusion of the agreement. He proposed a conference of unspecified great powers to negotiate an international guarantee of Iranian neutrality. Moscow may plan to advance this proposal formally in notes to the Western powers, and may use this occasion to renew earlier proposals for a great-power declaration renouncing the use of force and pledging non-interference in Middle East affairs. The Soviet leaders would probably believe that rejection of such initiatives would place them in a stronger position to step up their pressure on Iran in retaliation for the conclusion of the defense agreement.]

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Greek-Turkish Negotiations Concerning Cyprus Enter New Phase [redacted]

25X1

[Greece and Turkey appear to have moved one step closer to agreement on outstanding differences over Cyprus, although the prospects for an early solution are still viewed with little more than cautious optimism. There has been a formal exchange of views through the Greek ambassador to Turkey. The remaining basic point of disagreement is whether there should be one electorate as proposed by Greece or two as favored by Turkey. Greek officials have even agreed that a Turkish Cypriot vice president would have veto power on matters of foreign policy and national defense, and the Turks have apparently agreed to Archbishop Makarios as first prime minister of Cyprus and EOKA leader Grivas as chief of the combined armed forces.]

[The prospects for an early settlement remain clouded, however, by lingering suspicions and the difficulty of winning support in each country for any agreed solution. Greek Foreign Minister Averoff has bitterly criticized Prime Minister Karamanlis for allowing the current negotiations to bog down on details. Makarios, whose attitude will be crucial, favors the rapprochement but his consent is by no means assured. Grivas would probably accept any solution on which Makarios and the Greek Government can agree.]

[The Greek Government continues to be suspicious of British intentions toward Cyprus, and Greek Foreign Minister Averoff fears that London may either impose excessive conditions or force Turkey to stiffen its stand. London, however, has encouraged the Greek-Turkish talks and has indicated it would probably accept any settlement devised by Athens and Ankara. Many lower level British officials believe some form of independence to be the only feasible solution.]

[redacted] 25X1

25X1

[Turkish officials are urging a speedy settlement of the dispute, and voice concern over pressures within Turkey against accepting any solution short of partition. The question of the island's defenses and British bases continues to play an important part in Turkey's thinking on the Cyprus issue.]

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Laos to Protest Border Incursion by North Vietnam

The Laotian Government is concerned that the recent Viet Minh penetration of Laos' southeastern frontier and Hanoi's trumped-up charges of Laotian military encroachments are pressures to restrain anti-Communist elements who are plotting to take control of the government in Laos. Hanoi's moves lend further weight to claims by domestic Communists--the Neo Lao Hak Zat--that they will return to armed dissidence in the event of a coup.

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In building up border tensions, Hanoi may also be making a case for the reactivation of the International Control Commission (ICC) in Laos. [redacted] the Communists believe the presence of the ICC, which includes Indian and Polish representatives, is the best long-term safeguard against government repression of the NLHZ.

25X1

Efforts by local civil and military officials to obtain the withdrawal of the North Vietnamese company, which recently occupied positions about three miles inside the Laotian border in Savannakhet Province, have been sharply rebuffed. [A Laotian Army unit has been stationed in the area to contain any further penetration.] Laotian officials, although apprehensive over North Vietnam's overwhelming military strength, are planning a firm protest to Hanoi and will also inform the United Nations.

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III. THE WEST

De Gaulle to Postpone Resolution of Algerian Political Status

[High officials in France say General de Gaulle is determined not to negotiate with the Algerian rebels, and will postpone any move toward Algerian political autonomy or even separate Algerian status in the French Community until the effects of his economic program in Algeria begin to be felt in one to three years.]

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[De Gaulle, during his visit to Algeria in December, stressed economic and social development and predicted that a political settlement would follow solution of the "human problem." About the same time a member of De Gaulle's personal cabinet told an American Embassy official that De Gaulle was convinced a military solution was impossible.]

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[Pressures against postponement of a political solution, however, will probably mount. Prodded by pro-integrationist elements, particularly Jacques Soustelle, most of the 71 Algerian deputies, with whom De Gaulle previously said he would regulate the future status of Algeria, can be expected to step up their demands for integration. The European settlers in Algeria have similar aims and will probably seek a new rapprochement with the army, much of which is still apparently convinced that integration is the only solution.]

[French concentration on De Gaulle's economic program for Algeria will probably prompt the rebels to step up sabotage operations. Tunisia and Morocco may exert considerable leverage on France through negotiations on the important French naval base at Bizerte, transit rights for Algerian oil through Tunisia, and pressures on French forces and settler groups in both countries.]

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Paraguayan Opposition Elements Plan Revolt

Another attack against the Paraguayan regime may be launched shortly from Argentina by left-wing opposition elements, who appear determined to maintain an atmosphere of unrest in Paraguay until one of their attacks coincides with sufficient military and popular discontent to overthrow President Stroessner. [REDACTED]

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[REDACTED] The Communists, who have been trying to effect clandestine coordination of opposition activities, may also be involved.

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[REDACTED]

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While Stroessner has been sufficiently strong to quell such sorties, several soft spots in his military support have appeared. Moreover, plotting has increased since the successful revolution against military dictatorship in Venezuela a year ago and probably has been encouraged by the more recent successes of the Cuban rebels. [REDACTED]

25X1

[REDACTED]

25X1

[REDACTED]

25X1

The Situation in Cuba

The provisional government proclaimed by Fidel Castro in Cuba on 2 January currently has wide popular appeal and support, but there are, nevertheless, obstacles in the way of forming a stable administration. The rebel movement, including Manuel Urrutia, Castro's hand-picked choice for the presidency, has little government or administrative experience. Capable and experienced men, some of them members of long-established political parties which opposed Batista, are available for government posts, but there is as yet no indication that Fidel Castro will include them in the government.

So far the rebels have shown an unexpected degree of responsibility, particularly in their quick action to restore order in Havana on 1 January. It is still too early, however, to determine what influence irresponsible elements in the rebel movement--including Castro's brother Raul--will yield in the government, or how harsh a punishment will be given to those who have been loyal to Batista.

At present, the armed forces are apparently in full support of the Castro movement. Col. Ramon Barquin, who assumed military control on 1 January, is a widely respected US-trained army officer who had been in prison since he led an abortive military plot against Batista in 1956. Unless Castro attempts to install his own men in high army positions, Barquin and the armed forces are likely to remain loyal.

The leadership of Cuba's strong labor movement is at stake. Although the rebels have a labor organization which became increasingly active during the last months of the Batista regime, its clandestine status prevented it from becoming strong. The Communists, who have maintained an underground labor organization, can be expected to make a strong bid for control of organized labor.

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